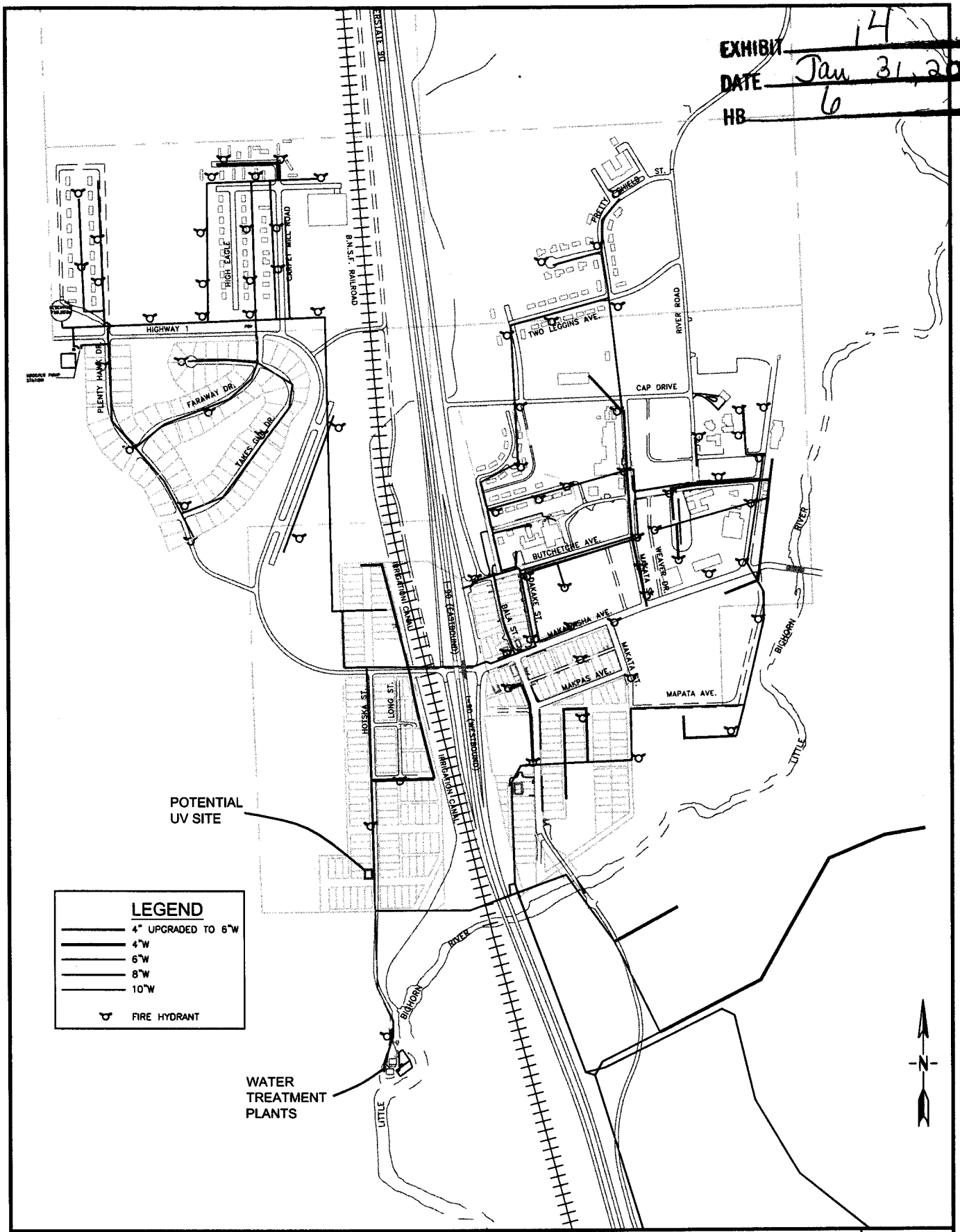
EXHIBIT 14
DATE Jan 31, 2011
HB 6

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| MORRISON MAIERLE, INC. An Employee-Owned Company | Engineers Surveyors Scientists Planners | 315 N. 25th Street Suite 102 Billings MT 59101 Phone: (406) 656-6000 Fax: (406) 237-1201 | DRAWN BY: MJG<br>CHK'D. BY: JC<br>APPR. BY: CJA<br>DATE: 3/2010 | CROW AGENCY WATER SYSTEM 2010 P.E.R. AMENDMENT<br>PROPOSED PHASE 4A WATER SYSTEM IMPROVEMENTS |



PROJECT NO. 1230.010.02-000211

FIGURE NUMBER Fig. 10.1a

V:\1230\010-02 PER update\Reports\Exhibits\FIG 10-1a.dwg

Table 10.1 presents a tentative estimate of project completion for the above priorities. Project scheduling will be largely controlled by funds availability, including grant administration cycles. Figure 10.1a shows the proposed 4a-1 project, including the UV disinfection system, and the 4a-1 distribution system improvements.

**TABLE 10.1**
**RECOMMENDED WATER AND WASTEWATER SYSTEM IMPROVEMENTS SCHEDULE**

| Priority | Project Component | Estimated Project Year[1] |
|---|---|---|
| **Phase 4a-1** | | |
| Priority #1 | Installation of UV disinfection system | 2012 |
| Priority #2 | Improvements to the drinking water distribution system (Replace 4-inch lines for fire flows) | 2012 |
| **Phase 4a-2** | | |
| Priority #3 | New Water Treatment Plant to meet 2018 Design Conditions | 2014 |
| Priority #4 | Repair of Key Deficiencies in BIA Water Treatment Plant and Decommission Tribal Treatment Plant | 2014 |
| **Phase 4b** | | |
| Priority #5 | Add Capacity To New Treatment Plant To Meet 2028 Design Conditions | 2018 |
| Priority #6 | Decommission BIA Water Treatment Plant | 2018 |
| Priority #7 | Phase 2 of Distribution System Improvements | 2018 |
| Priority #8 | Water meter installation | ongoing |

1. Contingent upon availability of funds.

## 10.3 COSTS

Construction costs for projects presented in the 2008 PER were projected to May 2012. However, due to the change in scheduling, costs will be projected to May of the year listed in Table 10.1 for each priority. Table 10.2 presents the revised project costs.

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**TABLE 10.2**
**ESTIMATED WATER SYSTEM IMPROVEMENTS COSTS**

| Priority | Project Component | Cost[1] |
|---|---|---|
| **Phase 4a-1** | | |
| Priority #1 | Installation of UV disinfection system | $653,000 |
| Priority #2 | Improvements to the drinking water distribution system (Replace 4-inch lines for fire flow) | $1,508,000 |
| | Contingency (20%) | $432,000 |
| | Total Construction Cost (Projected to May 2012) | $2,593,000 |
| | Engineering (~20%)[2] | $519,000 |
| | Administrative Costs (~5%) | $130,000 |
| | Subtotal | $3,242,000 |
| | WPA (TERO) fees [4] | $93,000 |
| | **Total Phase 4a-1 Project Cost, 2012 dollars** | **$3,335,000** |
| **Phase 4a-2** | | |
| Priority #3 | New Water Treatment Plant to meet 2018 Design Conditions | $6,761,000 |
| Priority #4 | Repair of Key Deficiencies in BIA Water Treatment Plant and Decommission Tribal Treatment Plant | $675,000 |
| | Contingency (20%) | $1,487,000 |
| | Total Construction Cost (Projected May 2014)[3] | $8,923,000 |
| | Engineering (~20%)[4] | $1,785,000 |
| | Administrative Costs (~5%) | $446,000 |
| | Subtotal | $11,154,000 |
| | WPA (TERO) fees[4] | $321,000 |
| | **Total Phase 4a-2 Project Cost, 2014 dollars** | $11,475,000 |
| **Phase 4b** | | |
| Priority #5 | Add Capacity To New Treatment Plant To Meet 2028 Design Conditions | $3,471,000 |
| Priority #6 | Decommission BIA Water Treatment Plant | $152,000 |
| Priority #7 | Phase 2 of Distribution System Improvements | $968,000 |
| | Contingency (20%) | $918,000 |
| | Total Construction Cost (Projected May 2018)[3] | $5,509,000 |
| | Engineering (~20%)[4] | $1,102,000 |
| | Administrative Costs (~5%) | $275,000 |
| | Subtotal | $6,886,000 |
| | WPA (TERO) fees [4] | $198,000 |
| | **Total Phase 4b Project Cost, 2018 dollars** | $7,084,000 |

1. See Section 8.2 of the 2008 PER for further explanation of cost estimate approach.
2. Costs for technical services are based on a percent of total construction for budgeting purposes only. Final costs for technical services will be negotiated during the final design phase of the project and may vary depending on actual site conditions, availability of existing data, the final scope of services, etc.
3. The construction cost projection to future years assumes a 3% increase in costs per year. If project scheduling changes in the future, these numbers should be adjusted to match the actual construction time frame.
4. The Tribe's Workforce Protection Act (WPA) requires that 3% of contract values be paid to the Tribal Employment Rights Office (TERO). This amount was calculated exclusive of Administrative Costs, as these costs are expected to be primarily related to Tribal staff rather than an outside contractor.

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## 10.4 FINANCIAL REQUIREMENTS AND FUNDING

Funding sources were discussed in detail in Chapter 10 of the 2008 PER and will not be repeated here. Funding for the projects identified as Phase 4a-1 is anticipated to come from a combination of grant and loan programs identified in the 2008 PER. Specifically, a potential funding package for the 4a-1 project is as follows in Table 10.3:

**TABLE 10.3**
**PROPOSED SOURCES OF FUNDING FOR 4A-1 PROJECT**

| Source | Due Date for Application | Amount |
|---|---|---|
| STAG and WRDA Grants | Submitted, March 1, 2010 | $400,000 |
| US EPA Tribal Set-Aside Grant | Submitted, March 15, 2010 | $650,000 |
| MT TSEP Grant | April 16, 2010 | $750,000 |
| MT Coal Board Grant | May 1, 2010 | $199,500 |
| MT RRGL Grant | May 15, 2010 | $100,000 |
| US HUD ICDBG Grant | August 1, 2011 | $1,100,000 |
| | Grant Subtotal | $3,199,500 |
| USDA Rural Development Loan | Anytime; 2.625% interest | $135,500 |
| | **Total** | **$3,335,000** |

### 10.4.1 Utility Rate Charges

As stated in the 2008 PER, the Tribe feels that due to the high poverty rate and low median income of the residents of Crow Agency, that rate increases that would be required to cover a loan would create an unacceptable financial burden on the residents of Crow Agency. The Tribe plans to pay off any loan taken out from its General Fund, and to collect user rates of $45.00 as suggested by Rural and Tribal Environmental Solutions, Inc. (RATES), who the Tribe hired to develop rates for the Apsaalooke Water and Wastewater Authority.

For reference, included below is a calculation of what rates would be required if the project were financed with only grants and loans, with no cash allocation from the Tribe's General Fund.

The impact on utility rates as a result of implementing the project can be estimated but cannot be determined exactly. This is primarily due to the fact that the exact effect on existing utility rates is dependent on the success of future grant and loan applications. To initially assess potential effects on utility rates, it has been assumed that the Tribe's contribution will be financed through an USDA RD loan, with a 2.625% interest rate, and a term of 20 years. A coverage factor of 125% has been used.

Table 10.4 presents project costs, assumptions, and monthly user rates based on these costs and assumptions. The rates shown are specific to the funding scenario. Actual, total rates will be dependent on operating costs and retirement of current debt service obligations.

Three funding scenarios are presented:

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Three funding scenarios are presented:

1. No grant funds ($0) are obtained and the entire project is financed with a loan of $3,335,000.

2. A $750,000 grant is awarded by the TSEP program, and the balance is financed with a $2,585,000 loan.

3. Entire funding package as described in Table 10.3 is secured. The balance is financed with a $135,500 loan.

Table 10.4 presents project costs, assumptions, and monthly user rate increases for the three funding scenarios. The loan conditions of annual interest rate, term, and coverage are consistent with current Rural Development loan terms. Currently, Crow Agency has approximately 2011 water customers, and an estimated 395 Equivalent Dwelling Units, or EDUs; this is the number of users incorporated into the calculation for the estimated average cost per user. Actual total rates will be dependent on final project costs, water utility operating costs, and retirement of current debt service obligations. The Tribe obtained a loan from USDA Rural Development for Phases 1 and 2 construction (for the interceptor sewer and new wastewater lagoons). However, as stated above, the Tribe pays the debt service incurred from this loan with monies from its General Fund rather than increasing user rates to offset or pay the debt service.

**TABLE 10.4**
**PHASE 4A IMPROVEMENTS**
**ESTIMATE OF IMPACT ON USER RATE**

| | Scenario 1 | Scenario 2 | Scenario 3 |
|---|---|---|---|
| **Total Project Cost** | $3,335,000 | $3,335,000 | $3,335,000 |
| **Total Grants** | $0 | $750,000 | $3,199,500 |
| **Total Cost to be Financed** | $3,335,000 | $2,585,000 | $135,500 |
| **Loan Conditions** | | | |
| Annual Rate | 2.625% | 2.625% | 2.625% |
| Term (Years) | 20 | 20 | 20 |
| Coverage | 125% | 125% | 125% |
| **Total Annual Cost** | $270,581 | $209,731 | $10,994 |
| **Total Cost Per user Per Month** | | | |
| Current number of "EDUs" | 395 | 395 | 395 |
| Estimated Monthly Avg. Cost Increase Per User | $57.08 | $44.25 | $2.32 |
| Total Rate | $102.08 | $89.25 | $47.32 |
| Target Rate | $43.01 | $43.01 | $43.01 |
| % of Target Rate | 237% | 208% | 110% |

## 10.5 SITE LOCATION AND CHARACTERISTICS

A location north of the treatment plants on the west side of the access road is proposed for the UV building. At this site the UV building would be located next to the combined

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